

## CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Village Bank and Trust Financial Corp and its wholly-owned subsidiary, Village Bank

Point of Contact:	Dennis J Falk	RSSD: (For Bank Holding Companies)	3251027
UST Sequence Number:	1137	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	14,738,000	FDIC Certificate Number: (For Depository Institutions)	35111
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 01, 2009	City:	Midlothian
Date Repaid <sup>1</sup> :	N/A	State:	Virginia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

While economic and regulatory pressures have resulted in reduced loan outstandings year over year, reductions were less than they would have been otherwise. Moreover, loan closings [production that is sold] at the wholly owned mortgage subsidiary totaled \$238 million for 2011.

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☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☒ **Increase reserves for non-performing assets.**

For 2011, the allowance for loan losses increased \$3.5 million. That represented provision expense of \$13.5 million minus \$10.0 million of net charge-offs.

☐ **Reduce borrowings.**

☐ **Increase charge-offs.**

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
Empty space for response	

<input type="checkbox"/>	Held as non-leveraged increase to total capital.
Empty space for response	

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

Any regulatory action may have been more stringent without the CPP funds.

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### **What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

The continuing mortgage production may have been compromised without the CPP funds. Moreover while new lending volume at the Bank level was greatly reduced, the reduction would have been more pronounced without the CPP funds.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.